

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00

 DOTE-00 INR-11 NSAE-00 RSC-01 FAA-00 PA-04 PRS-01

 USIA-15 L-03 TRSE-00 DRC-01 /082 W

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R 222057Z JUL 74

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 4045

UNCLAS OTTAWA 2307

POUCHED FOR INFO ALL CONSULATES IN CANADA

E.O. 11652: N/A

TAGS: ETRN, CA

SUBJECT: CIVAIR: 9.5 PERCENT AIR FARES INCREASE APPROVED

REF: (A) OTTAWA 1804; (B) OTTAWA 0518; (C) OTTAWA 2226 (NOTAL)

1. CANADA'S DOMESTIC AIR FARES WERE INCREASED BY 9.5 PERCENT EFFECTIVE JULY 21 (EXCEPT FOR NORDAIR WHERE INCREASE WILL BECOME EFFECTIVE AUGUST 1). APPROVAL OF INCREASE WAS GIVEN BY CANADIAN TRANSPORT COMMISSION (CTC) LATE JULY 19. STATEMENT OF REASONS TO BE ISSUED LATER. THIS INCREASE, FOLLOWING ON 10.5 PERCENT RISE EFFECTED IN FEBRUARY (REF B) BRINGS CANADIAN DOMESTIC RATES TO AN AVERAGE LEVEL ONE-FIFTH HIGHER THAN END OF 1973.

2. VARIOUS CARRIER STATEMENTS OVER WEEKEND SUGGEST ANOTHER INCREASE MAY BE SOUGHT IN NEAR FUTURE; AND AIR CANADA, ACCORDING TO PRESS, HAS INCREASED ITS ESTIMATE OF PROJECTED DEFICIT TO 17.9 MILLION IN CURRENT YEAR FROM \$10 MILLION OR MORE MENTIONED JUNE 10 (REF C).

3. CTC ACTION TOOK PLACE FOLLOWING TWO-DAY HEARING IN OTTAWA REQUESTED BY CONSUMER ASSOCIATION OF
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CANADA (CAC). PRESS REPORTS OF HEARING EMPHASIZED

AMATEUR STATUS OF CAC REPRESENTATIVES WHO LACKED SPECIFIC INFORMATION ABOUT CARRIER COSTS AND OPERATIONS TO CHALLENGE AIRLINE PRESENTATIONS EFFECTIVELY. HOWEVER, CAC HAD REQUESTED THAT HEARINGS BE HELD UNDER 1967 NATIONAL TRANSPORTATION ACT UNDER WHICH IT WOULD ONLY HAVE TO SHOW INCREASE MIGHT BE PREJUDICIAL TO PUBLIC INTEREST, AND BURDEN OF PROOF WOULD HAVE BEEN ON CTC PROFESSIONAL STAFF TO CHALLENGE CARRIERS. AIRLINES REQUESTED HEARINGS BE HELD UNDER OLDER AERONAUTICS ACT WHICH REQUIRES PROOF OF DISCRIMINATION OR OTHER UNJUST ACT ON PART OF CARRIERS WITH COMPLAINING PARTY HAVING FULL BURDEN OF PROOF. IN PRACTICE, COMPLAINANT CAN DISCHARGE BURDEN ONLY TO EXTENT HE HAS ACCESS TO CARRIER BOOKS. CTC CHOSE TO ACT UNDER AERONAUTICS ACT AND SPECIFICALLY STATED IT FOUND NO REASON TO USE ITS POWERS UNDER THAT ACT TO SUSPEND OR DISALLOW RATE INCREASES.

4. AIR TRANSPORT ASSOCIATION OF CANADA OFFICIALS CONTINUE WORRIED AND UPSET THAT A HEARING WAS HELD EVEN THOUGH OUTCOME FAVORABLE TO CARRIERS IN THIS CASE. THEY FEAR POSSIBILITY LEGAL ACTION OVERTURN CTC APPROVAL AS WELL AS LIKELIHOOD CONSUMER GROUPS WILL BE BETTER ARMED FOR FUTURE CHALLENGES TO CARRIER PLANS. TORONTO GLOBE AND MAIL IN MAJOR EDITORIAL JULY 19 COMPARED AIR FARES SITUATION TO WESTERN RAILROAD RATE PROBLEM WITH RESPECT TO ACCESS TO CARRIER BOOKS AND COST INFORMATION FOR CHALLENGING RATE INCREASES. CALLED UPON GOC TO EXTEND PROPOSED TRANSPORT INFORMATION ACT FROM RAIL FIELD TO AVIATION AND FOR OTHER REFORMS IN TRANSPORT ACT TO MAKE CTC MORE RESPONSIVE TO "PUBLIC INTEREST".
JOHNSON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CONSUMER PROTECTION, AIR FARES, PRICE TRENDS, AVIATION REGULATIONS, MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 22 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974OTTAWA02307
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740198-0123
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740729/aaaaaygc.tel
Line Count: 94
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: (A) OTTAWA 1804; (B) OTTAWA 0518; (C,) OTTAWA 2226 (NOTAL)
Review Action: RELEASED, APPROVED
Review Authority: martinjw
Review Comment: n/a
Review Content Flags:
Review Date: 21 OCT 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 OCT 2002 by ThomasVJ>; APPROVED <17 JAN 2003 by martinjw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CIVAIR: 9.5 PERCENT AIR FARES INCREASE APPROVED
TAGS: ETRN, CA, CTC
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005